

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
April 21, 2005
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on April 21, 2005 in the Auditorium on the 5th floor of the Michael A. Bilandic Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Aaron Jaffe and Members Gary Peterlin, Eugene Winkler and Charles Gardner. Member Dugan was present telephonically.

Chairman Jaffe convened the April 21, 2005 Regular Meeting at 9:56 A.M. in the 3rd floor Board Conference Room. Pursuant to Section 2(c), paragraphs (1), (11), and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Peterlin seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 1:40 P.M. Member Dugan was not present during the Open session portion of today's meeting.

Chairman's Report

Chairman Jaffe announced that the Senate approved Member Gardner, Winkler, and himself as Board members.

Chairman Jaffe introduced Caleb Melamed who is handling the Board's legislative affairs. Chairman Jaffe stated that Mr. Melamed has been on the House staff for over 20 years and currently serves with the Attorney General. Chairman Jaffe stated that he feels that Mr. Melamed is an excellent addition to Staff. Chairman Jaffe stated that Mr. Melamed is an excellent attorney who has great legislative ability.

Board Members' Comments

Member Peterlin welcomed Mr. Melamed to the Board.

Member Gardner stated that he was pleased to hear that his appointment has been confirmed by the Senate without objection.

Administrator's Report

Interim Administrator Tamayo announced that there is a budget hearing scheduled for April 27, 2005.

Interim Administrator Tamayo announced that there would be a tour of Par-A-Dice Casino on April 25, 2005 for various legislators.

Interim Administrator Tamayo stated that the Board has been invited to a meeting on April 29, 2005 to discuss the Board's independence.

Interim Administrator Tamayo briefed the public on items that were discussed in Closed session.

Board Policy Items

Legislative Proposals – Chairman Jaffe stated that the Board would be discussing the legislation that involves the Board's independence at a future meeting once the legislation is complete.

Interim Administrator Tamayo discussed the legislative proposals that involve the Gaming Board.

Interim Administrator Tamayo stated that there is a proposal that would restrict post employment for five years. Interim Administrator Tamayo stated that the current Code of Conduct that the Board has approved provides for a one-year restriction on post IGB employment for the Administrator, the Deputy Administrators, and all legal counsel. Interim Administrator Tamayo stated that other individuals are entitled to seek a waiver from the Board before that would be exercised.

Chairman Jaffe stated that he feels that a five-year restriction is too long and not reasonable. Chairman Jaffe stated that you want good people who learn certain things to go into the private sector and carry out the good things that they've learned in the public sector.

Interim Administrator Tamayo stated that there is a Bill pending that addresses child support collection and whether the casinos have a role in that. Interim Administrator Tamayo stated that the current proposal states that the casinos are to check child support delinquency lists before jackpots and winnings are paid.

Chairman Jaffe stated that he is in favor of the casinos collecting child support. Chairman Jaffe stated that the casinos have been reluctant in the past to collect child support, and they

have valid reasons for being reluctant; however, we live in a very computerized society, which would make the process easier to identify patrons who owe child support.

Member Peterlin expressed his support for the legislation. Member Peterlin stated that he is excited that the legislation is being considered, and he hopes that the industry will support the legislation. Member Peterlin stated that the legislation should provide some type of protection for the licensees so if a mistake is made the licensees would be free of responsibility for an honest mistake.

Interim Administrator Tamayo stated that the other legislative proposal involves revenue sharing and how the revenue that is generated from tax distributions of the casinos are shared with the host community or communities other than the host community.

Member Peterlin stated that there is over \$100 million dollars a year that is shared with local communities. Member Peterlin stated that the communities have done well with the money. Member Peterlin stated that at the same time there is a host of other communities that could also benefit. Member Peterlin stated that the problems that occur with gambling are not limited to any particular community where the nine boats operate, the problems find themselves back to the local communities throughout the State. Member Peterlin stated that the money that is generated from the nine licensees comes from all over the State, as well as out of State. Member Peterlin stated that the other communities in Illinois that lose their dollars to the casinos are shrinking dollars for programs that otherwise could be funded or financed in the local communities. Member Peterlin stated that hopefully the legislation would provide for sharing of local dollars across the State.

Gene O'Shea, Acting Self-Exclusion Director, provided the Board with a brief history of the Self-Exclusion Program and statistics to date on the program. Mr. O'Shea stated that Illinois has 25 locations, one of which is in the State of Iowa. Mr. O'Shea stated that Illinois' Self-Exclusion Program is the only State operated self-exclusion program that has a site in another State. Mr. O'Shea stated that Illinois' Self-Exclusion Program has more locations where people can sign up than any other jurisdiction that offers self-exclusion programs. Mr. O'Shea stated that to date there are 2,354 people enrolled in the Self-Exclusion Program.

Member Peterlin stated that there is \$960,000 appropriated a year in the Department of Human Services (DHS). Member Peterlin inquired if Staff had any coordination with DHS as to how the money is being spent, to ensure that services are being provided to people with gambling addictions. Mr. O'Shea stated that DHS has been very helpful in providing new sites that would act as enrollment sites for the Self-Exclusion Programs.

Member Peterlin requested that Mr. O'Shea research where services are provided around the State of Illinois to make sure that people have a chance to get in the programs regardless of where they are in the State.

Member Peterlin asked to what extent are the licensees operating their own exclusion programs alongside the Board's Self-Exclusion Program. Mr. O'Shea stated that there are

still a number of licensees that have their own self-exclusion program in conjunction with the Board's program.

Interim Administrator Tamayo stated that the Board has identified that in light of the anticipated changes on the Board in July, the Board would only adopt regular board meetings for the months of May and June. Interim Administrator Tamayo stated that at a subsequent point in time, the Board would adopt meetings for July through December.

Member Peterlin moved **that the board adopt the following dates for regulatory meetings in May and June, 2005.**

May 24, 2005

June 8, 2005

June 16, 2005

Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Public Commentary

Tom Swoik, Executive Director, Illinois Casino Gaming Association (ICGA), was present to discuss the efforts of the Illinois Casino Gaming Association. Mr. Swoik announced that in its ongoing efforts to promote responsible gaming and utilize its resources in the most effective manner, ICGA awarded an additional \$50,000 grant to Chicago-based Bensinger, DuPont & Associates (BDA), which is a national behavioral health provider.

Peter Bensinger, President and CEO, Bensinger DuPont & Associates, was present to discuss the problem gambling help line. Mr. Bensinger provided the Board with a brief presentation outlining statistics that included the types of services that the help line provides; the call volume; the number of intakes a year; the percentage of callers by the times of the day; the types of callers; caller's demographics; caller's age; caller's gender and marital status; and the caller's gambling activity since calling the help line.

Dr. Gerald E. Forshey, was present to discuss the Board's obligation to make sure that the holder of a license is free from wrongdoing or even the appearance of wrongdoing. Dr. Forshey also discussed his concerns regarding people who have gambling addictions and lose their families and livelihoods as a result. Dr. Forshey stated that the Board is charged by the Riverboat Gambling Act to protect people from gambling beyond their means.

Wayne Burdick, President, The Outreach Foundation, was present to provide the Board with a brief overview of the Foundation. Mr. Burdick stated that the Foundation's purpose is to provide public awareness and education at the level of high schools, colleges, senior citizens, and companies. Mr. Burdick discussed the lack of funding for the Foundation and urged the Board for its help so that the Foundation could continue public awareness and education.

Anita Bedell, Executive Director, Illinois Church Action, was present to discuss Casino Rock Island's proposal for relocation, and the Attorney General's opinion stating that the Illinois Gaming Board did not have the authority to permit the relocation of a riverboat within a community. Ms. Bedell requested that the Board reject the relocation of Casino Rock Island and Casino Queen.

Owner Licensee Items

Mandalay Bay – Proposed Sale to MGM Mirage – Charles Sklarsky was present on behalf of Mandalay Resort Group. Mr. Sklarsky stated that MGM Mirage and Mandalay Resort group have entered into a merger agreement, which, when consummated, will result in MGM Mirage becoming the owner of the merged entity. Mr. Sklarsky requested the Board's approval for the transfer of ownership by Nevada Landing of its 50% ownership interest in the Elgin Riverboat Resort, Riverboat Casino to an escrow agent in accordance with the terms and conditions of the escrow agreement.

John Janicik was present on behalf of RBG, LP, which is the other 50% owner of the Elgin Riverboat Resort, Riverboat Casino to address and briefly describe the transition services agreement regarding the management of the casino once the merger has occurred.

Mandalay Bay- Proposed Merger – Member Winkler moved that **the Board adopted a resolution regarding the proposed merger**(see attached resolution). Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Grand Victoria Casino – Trudy Malkey, External Staff Auditor – Request for Waiver of One Year Prohibition on Post IGB Affiliation or Employment and Request for Approval to Become Employed as Assistant Controller of Grand Victoria Casino - Donna More was present on behalf of Grand Victoria and Trudy Malkey to request final approval for a waiver of the one year prohibition on post IGB affiliation or employment, and to request final approval for Ms. Malkey to become employed with Grand Victoria Casino.

Based on a review of the staff's investigation and recommendation, Member Winkler moved that **the Board approve Trudy Malkey's request for waiver of the one year prohibition on post IGB affiliation or employment and approve her request to accept employment as Assistant Controller of the Grand Victoria Casino.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Gardner moved that **the Board approve 33 applications for an Occupational License, Level 2, and 76 applications for an Occupational License, Level 3.**

Based on staff's investigation and recommendation, Member Gardner moved that **the Board direct the Interim Administrator to issue Notices of Denial to the following two applicants for Level 3 licenses, each of whom previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation:**

- 1. Derrick Brooks; and**
- 2. Taylor Durling.**

At 3:27 P.M., Member Gardner moved that **pursuant to Section 2 (c), paragraphs (1), (11), and (14) of the Open Meetings Act, the Board retire to Closed Session to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned Closed session at 4:21 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board

Mandalay Bay- Escrow Agreement

Member Winkler moved that the Board adopt the following resolution:

RESOLUTION

WHEREAS, Elgin Riverboat Resort-Riverboat Casino (ERR), an Illinois General Partnership, is an Illinois owner licensee doing business as Grand Victoria Casino (Grand Victoria). RBG, L.P., an Illinois limited partnership (the Illinois Group), and Nevada Landing Partnership, an Illinois general partnership (the Nevada Group), each hold a 50% ownership interest in ERR pursuant to a Joint Venture Agreement.

WHEREAS, the Joint Venture is governed by a certain Amended and Restated Joint Venture Agreement, as amended.

WHEREAS, the Nevada Group is an indirect wholly-owned subsidiary of Mandalay Resort Group, a Nevada corporation (Mandalay Bay), which has agreed to merge with and into a wholly-owned subsidiary of MGM Mirage, a Delaware corporation (MGM).

WHEREAS, in connection with, and to facilitate the completion of the merger, the Nevada Group will deposit all of the Nevada Group's partnership interest in the joint venture into escrow pursuant to and in accordance with an escrow agreement between the Nevada Group and J.P. Morgan Trust Company, an escrow agent approved by the Board.

WHEREAS, in connection with, and to facilitate the completion of the merger, the Nevada Group will deposit with the escrow agent an assignment in blank of the Nevada Group's joint venture interest to be executed and delivered by the escrow agent in disbursement of the escrow upon receipt of written notice from the Nevada Group that final Board action has been taken approving MGM as a key person pursuant to the Illinois Gaming Board Adopted Rules and the Illinois Riverboat Gambling Act.

WHEREAS, in connection with, and to facilitate the completion of the merger, the Illinois Group and the Nevada Group will enter into an Amended And Restated Joint Venture Agreement.

WHEREAS, in connection with, and to facilitate the completion of the merger, MGM and Mandalay Bay will enter into an Assignment And Transition Services Agreement.

NOW THEREFORE,

Be It Resolved that the Board approves the Nevada Group's request to deposit all of the Nevada Group's partnership interest in the joint venture into escrow pursuant to and in accordance with the Escrow Agreement.

Be It Resolved that the Board approves the Nevada Group's request to deposit with the escrow agent an assignment in blank of the Nevada Group's joint venture interest to be executed and delivered by the escrow agent in disbursement of the escrow upon receipt of written notice from the Nevada Group that final Board action has been taken approving MGM as a key person pursuant to the Illinois Gaming Board Adopted Rules and the Illinois Riverboat Gambling Act.

Be It Resolved that based on an Amended and Restated Joint Venture Agreement and an Assignment and Transition Services Agreement, the Board delegates to the Administrator final approval of the Escrow Agreement.

Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.